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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

FTC-01 /103 W
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P 282210Z SEP 76
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POUCHED INFO ALL CONGENS IN CANADA

E.O. 11652: N/A
TAGS: ENRG, CA, US
SUBJ: U.S.- CANADA ENERGY COOPERATION

REF: (A) STATE 208906; (B) OTTAWA 3610; (C) OTTAWA 3823

1. ON SEPTEMBER 28 EMBOFF DISCUSSED AGENDA TOPICS FOR OCTOBER 8 BILATERAL ENERGY COOPERATION MEETING WITH ROBERT BLACKBURN, TRANSPORT, COMMUNICATIONS AND ENERGY DIVISION, EXTAFF. BLACKBURN MADE FOLLOWING COMMENTS RE CANADIAN POSITION ON INDIVIDUAL ITEMS:

A. OIL SUPPLY TO NORTHERN TIER STATES - BLACKBURN SAID GOC HAS THREE MAJOR CONCERNS WITH REGARD TO CRUDE OIL SWAP ARRANGEMENTS:

(1) THAT THE SOURCE BE A SECURE ONE (IN THIS CONNECTION HE POINTED OUT THAT GOC WOULD CONSIDER OIL LANDED AND STORED AT BELL ISLAND IN THE WABANEX MINE OR ELSEWHERE
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IN THAT REGION ON EITHER SIDE OF THE BORDER A SECURE

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SOURCE);

(2) THAT OIL SWAP MUST NOT RESULT IN NET ADDITION TO
CANADIAN PRODUCTION; AND

(3) THAT SWAP ARRANGEMENTS NOT RESULT IN LOSS OF
FEDERAL REVENUE DUE TO DIMINISHED THROUGHOUT IN
THE SARNIA PIPELINE.

B. WABANEX MINE OIL STORGAGE - ACCORDING TO BLACKBURN,
GOC IS WILLING TO DISCUSS POSSIBLE U.S. ACCESS TO SOME
OR ALL OF A STORAGE FACILITY AND THE AGREEMENT GOVERNING
THE FACILITY WOULD INCLUDE A PROVISION ASSURING NON-
INTERFERENCE WITH PETROLEUM STORED IN THE FACILITY
BY ANY CANADIAN JURISDICTION.

C. KITIMAT PIPELINE - GOC DOES NOT AT THIS TIME HAVE
A DEFINITIVE POSITION ON THE KITIMAT PIPELINE BECAUSE
NO APPLICATION FOR PERMISSION TO CONSTRUCT THE PROJECT
HAS BEEN SUBMITTED. HOWEVER, BLACKBURN SAID, THE
FEDERAL GOVERNMENT HAS HAD PRELIMINARY TALKS IN B.C.
ABOUT THE PROJECT.

D. SCHEDULE FOR PHASE-OUT OF CRUDE OIL EXPORTS -
BLACKBURN SAID THE CANADIAN POSITION IS NOT CLEAR AT
THE MOMENT BECAUSE THE NATIONAL ENERGY BOARD IS STILL
WORKING ON ITS YEARLY PROJECTION OF MINIMUM SUPPLY
REQUIREMENTS. HE SAID, HOWEVER, THAT A RECENT REPORT
BY IMPERIAL OIL LTD. INDICATES THAT THE SUPPLY
SITUATION IS NOT IMPROVING AND, THEREFORE, THE UNITED
STATES SHOULD "GET CRACKING" ON ALTERNATIVE SUPPLIES
FOR NORTHERN TIER REFINERIES.

E. NORTHERN GAS TRANSMISSION PROJECTS - THE CANADIANS
ARE INTERESTED IN COMPARING NOTES ON OUR RESPECTIVE
DECISION TIMETABLES AS THEY NOW STAND. THEY HOPE THAT
WE WILL BE ABLE TO ESTABLISH CLOSER COORDINATION
REGARDING A GOVERNMENT-APPROVED PROJECT. BLACKBURN
DESCRIBED THIS AS TRYING TO ARRANGE "OVERLAPPING
DECISION WINDOWS."
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F. SUPPLY/DEMAND FORECASTS FOR NATURAL GAS - BLACKBURN
DOES NOT KNOW WHAT WILL BE DISCUSSED ON THIS ITEM. HE
SAID THIS SUBJECT IS BEING HANDLED BY NEB CHAIRMAN
MARSHAL CROWE; EXTAFF AS YET HAS NOT HEARD WHAT CROWE
WILL HAVE TO SAY.

2. BLACKBURN REAFFIRMED THAT THE CANADIANS WILL NOT

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RAISE THE URANIUM-ANTITRUST-SUIT ISSUE FORMALLY AND SAID THAT THEY MIGHT NOT EVEN RAISE IT INFORMALLY. HE SAID, HOWEVER, THAT IF IT WERE RAISED, CANADIANS WOULD MAKE THE FOLLOWING POINTS:

A. THAT THE SUIT IS "NOT A HELPFUL DEVELOPMENT IN OUR OVERALL ENERGY TRADE;"

B. IT IS A BACKWARD-LOOKING ACTION THAT IN THEIR VIEW CANNOT PRODUCE ANY POSITIVE FUTURE RESULTS, I.E., A FRUITLESS HISTORICAL INQUIRY; AND

C. THE CANADIANS WONDER WHY, IF USG WISHES TO TAKE ON ENERGY CARTELS, IT DOESN'T LOOK INTO POSSIBLE COLLUSION BETWEEN THE MULTINATIONAL OIL COMPANIES AND OPEC.
ENDERS

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